

CONTRACT PERIOD THROUGH APRIL 30, 2005

TO: All Departments

FROM: Department of Materials Management

SUBJECT: Contract for **INSURANCE BROKER SERVICES – RISK MANAGEMENT**

Attached to this letter is published an effective purchasing contract for products and/or services to be supplied to Maricopa County activities as awarded by Maricopa County on **April 03, 2002**.

All purchases of products and/or services listed on the attached pages of this letter are to be obtained from the vendor holding the contract. Individuals are responsible to the vendor for purchases made outside of contracts. The contract period is indicated above.

Wes Baysinger, Director
Materials Management

SF/mm
Attach

Copy to: Clerk of the Board
Peter Crowley, Risk Management
Sharon Tohtsoni, Materials Management

See amendments to sections 2.5 & 3.3 which are reflected in "bold" and "italicized ". All amendments are retroactive to contract award date.

(Please remove Serial 97027-SC from your contract notebooks)

SPECIFICATIONS ON INVITATION FOR BID FOR: **INSURANCE BROKER SERVICES – RISK MANAGEMENT**

1.0 **INTENT:**

- 1.1 This document constitutes an Invitation for Bids (IFB), **via sealed bid**, to provide Insurance Broker Services for the County of Maricopa, Risk Management Department.

2.0 **TECHNICAL SPECIFICATIONS:**

2.1 **BACKGROUND:**

2.1.1 The Maricopa County Risk Management Dept. is responsible for providing for the insurance needs of Maricopa County (Departments, Boards, Commissions, Employees, etc.). A major portion of this responsibility involves the acquisition of competitively priced insurance coverage from qualified sources, and also includes certain consultation/advisory services, related to the County's insurance needs.

2.1.2 The purpose of this IFB is to select a qualified Insurance Broker who will identify insurance coverage sources. This identification process entails a review of the sources' qualifications to provide insurance coverage. Upon a source being selected, the Broker will solicit quotations, as needed. Such quotations will be in response to the County's specifications and shall include both price and service information. The term "broker" and the term "contractor" are used interchangeably throughout this IFB. This is a requirements contract.

2.2 **BROKER QUALIFICATIONS:**

2.2.1 Shall be a licensed insurance broker.

2.2.2 Shall maintain a full service Maricopa County office.

2.2.3 Shall have national resources offices.

2.2.4 Shall have public entity experience with no less than 5000 employees in any line of property-casualty insurance.

2.2.5 Shall provide all services defined in this solicitation, for the compensation the bidder has offered (Pricing Page, Attachment A). **No other fee/compensation is applicable.**

2.3 **BROKER SERVICES:**

The Broker shall provide the professional services necessary to perform the following:

2.3.1 Assist in the risk exposure evaluation to identify avenues for risk transfer of actual or potential loss faced by the County.

2.3.2 Assist in preparation of insurance coverage specifications.

2.3.3 Obtain coverage quotations as follows:

2.3.3.1 Broker shall receive a list of all coverages and expiration dates. Expiration dates vary through out the calendar year.

2.3.3.2 Insurance companies (both admitted and not admitted in Arizona) doing business with the County must be classified by A.M. Best's Key Rating Guide as A+ and Class 7, or better. **See awardee "exceptions page #10".**

- 2.3.3.3 Once the companies have been agreed upon, the coverage specifications and requirements will be given to the Broker.
- 2.3.3.4 The specifications will contain the date that all quotes must be returned by. Quotes not received by this date may not be considered.
- 2.3.3.5 Provide all quotations received from companies with detailed recommendations to the County, of which companies would best provide the desired insurance coverage and services. The County will review companies proposed and give approval of acceptability.
- 2.3.3.6 Provide verifications of insurance, as needed by the County, to satisfy various lending institutions, mortgage holders, lessons, and contracts.
- 2.3.3.7 Provide, at the County's request, property loss control services to include, but not be limited to, site inspection, assisting in refinement of fire suppression systems, design review, architectural building plan review, and other specialized services provided by property loss control specialist of Broker.
- 2.3.3.8 Provide assistance in the form of advisory services or written reports as is customarily expected from a professional insurance broker upon County request, including, but not limited to, projections of future insurance premium costs.
- 2.3.3.9 Provide to County a quality report of all aspects of County insurance programs (i.e. status, problems, and recommendations).

2.4 REQUIRED SUBMITTALS:

All submittals/bids submitted shall contain the following:

(Required submittals shall be clearly identified and affixed to the bid as a "package")

- 2.4.1 ***Information on the bidders related experience in the field of Insurance Coverage Provision Services. This should include specific information on the type of services provided and on the dates of performance.***
- 2.4.2 ***A listing reflecting current major municipal references. References shall be verifiable and should be able to comment on the bidders related experience. The bidders shall submit five(5) similar-type professional service references.***
- 2.4.3 ***Bidders shall provide an organizational chart for the Maricopa County office, showing the staffing and lines of authority for the key personnel to be used during the contract. The relationship of the project leader to management and to support personnel should be clearly illustrated.***
- 2.4.4 ***The most recent audited financial statements of both the corporate and the Maricopa County office.***
- 2.4.5 ***Certificate of Insurance providing proof of Errors and Omissions coverage.***
- 2.4.6 ***Plans for maintenance/growth of Maricopa County office.***
- 2.4.7 ***A synopsis of municipal expertise is requested. (Note: The synopsis shall indicate if expertise is in-house locally or in another corporate office.)***

2.5 TAX:

No tax shall be levied against labor. Bid pricing to include all labor, overhead tools and equipment used, profit, and any taxes that may be levied. It is the responsibility of the Contractor to determine any and all taxes and include the same in bid price. ***Taxes and fees which are the responsibility of the County, will be paid by the County.***

3.0 **SPECIAL TERMS & CONDITIONS:**

3.1 CONTRACT LENGTH:

This Invitation for Bids is for awarding a firm, fixed price, purchasing contract to cover a three (3) year period.

3.2 OPTION TO EXTEND:

The County may, at their option and with the approval of the Contractor, extend the period of this Contract up to a maximum of two (2), one (1) year options. The Contractor shall be notified in writing by the Materials Management Department of the County's intention to extend the contract period at least thirty (30) calendar days prior to the expiration of the original contract period, or any extended contractual period.

3.3 INDEMNIFICATION AND INSURANCE:

3.3.1 Indemnification.

To the fullest extent permitted by law, Contractor shall defend, indemnify, and hold harmless the County, its agents, representatives, officers, directors, officials, and employees from and against all claims, damages, losses and expenses, including but not limited to attorney fees and costs, ~~relating to the extent arising out of the negligent performance by Contractor under this Contract.~~

The amount and type of insurance coverage requirements set forth herein will in no way be construed as limiting the scope of the indemnity in this paragraph.

The scope of this indemnification does not extend to the negligence of the County.

3.3.2 Insurance Requirements.

Contractor, at its own expense, shall purchase and maintain the herein stipulated ~~minimum~~ insurance ***which shall be, except with respect to Errors and Omissions coverage,*** with companies duly licensed, possessing a current A.M. Best, Inc. Rating of B++, or approved unlicensed companies in the State of Arizona ~~with policies and forms satisfactory to the County.~~

All insurance required herein shall be maintained in full force and effect until all work or service required to be performed under the terms of the Contract is satisfactorily completed and formally accepted. Failure to do so may, at the sole discretion of the County, constitute a material breach of this Contract.

The Contractor's insurance shall be primary insurance as respects the County, and any insurance or self-insurance maintained by the County shall not contribute to it, ***but only for covered claims arising solely and directly from Contractor's provision of services hereunder.***

Any failure to comply with the claim reporting provisions of the insurance policies or any breach of an insurance policy warranty shall not affect coverage afforded under the insurance policies to protect the County.

The Contractor shall be solely responsible for the deductible and/or self-insured retention and the County, at its option, may require the Contractor to secure payment of such deductibles or self-insured retentions by a surety bond or an irrevocable and unconditional letter of credit.

The County reserves the right to request and to receive, within ten (10) working days, ~~certified copies of any or all of the herein required insurance policies and/or endorsements~~ *certificates of insurance evidencing compliance with the requirements herein*. The County shall not be obligated, however, to review such policies and/or endorsements or to advise Contractor of any deficiencies in such policies and endorsements, and such receipt shall not relieve Contractor from, or be deemed a waiver of the County's right to insist on strict fulfillment of Contractor's obligations under this Contract.

The insurance policies required by this Contract, except Workers' Compensation *and Errors and Omissions*, shall name the County, its ~~agents~~, representatives, officers, directors, officials and employees as Additional Insureds *for its vicarious liability arising from Contractor's provision of services hereunder*.

The insurance policies required hereunder, except Workers' Compensation, shall contain a waiver of transfer of rights of recovery (subrogation) against the County, its agents, representatives, officers, directors, officials and employees for any claims arising out of Contractor's work or service.

3.3.2.1 **Liability Insurance:** General Liability written on a comprehensive form with a limit of liability of ~~at least~~ \$1,000,000 per occurrence *and aggregate* for Bodily Injury, premises/operations, products & completed operations, independent contractors, contractual, broad form property damage and Personal Injury.

Worker's Compensation and Employer's Liability: Worker's Compensation coverage and a limit of liability of \$1,000,000 for Employer's Liability, or a letter of certification from the Industrial Commission that the Broker is an authorized self insurer.

Errors and Omissions Policy: Error and Omission Insurance for the amount of \$2,000,000 which shall be maintained during the term of the contract. **See awardee "exceptions page #10".**

Automotive Liability: General Automotive Liability, non-owned, or hired autos with a limit of ~~at least~~ \$1,000,000.00 per occurrence for bodily injury, property damage or personal injury.

3.3.3 Certificates of Insurance.

Prior to commencing work or services under this Contract, Contractor shall have insurance in effect as required by the Contract ~~in the form provided by the County~~, issued by Contractor's insurer(s), as evidence that policies providing the required coverage, conditions and limits required by this Contract are in full force and effect. Such certificates shall be made available to the County upon 48 hours notice. However, a certificate of Errors and Omissions Commercial Coverage must be produced with the bid submitted. **BY SIGNING THE AGREEMENT PAGE THE CONTRACTOR AGREES TO THIS REQUIREMENT AND FAILURE TO MEET THIS REQUIREMENT WILL RESULT IN CANCELLATION OF CONTRACT.**

If a policy does expire during the life of the Contract, a renewal certificate must be sent to the County fifteen (15) days prior to the expiration date *or as soon as possible thereafter*.

3.3.4 Occurrence Basis. **See awardee “exceptions page #10”**

All insurance required by this contract shall be written on an occurrence basis rather than a claims-made basis.

3.3.5 Cancellation and Expiration Notice.

Insurance required herein shall not be permitted to expire, be canceled, or materially changed without thirty (30) days prior written notice to the County.

3.4 INQUIRIES AND NOTICES:

All inquiries concerning information herein shall be addressed to:

MARICOPA COUNTY
DEPARTMENT OF MATERIALS MANAGEMENT
ATTN: CONTRACT ADMINISTRATION
320 W. LINCOLN ST.
PHOENIX, AZ 85003

Administrative telephone inquiries shall be addressed to:

STAN FISHER, SENIOR PROCUREMENT CONSULTANT, 602-506-3274
(sfisher@mail.maricopa.gov)

Technical telephone inquiries shall be addressed to:

PETER CROWLEY, MANAGER, RISK MANAGEMENT, 602-506-8226

Inquiries may be submitted by telephone but must be followed up in writing. No oral communication is binding on Maricopa County.

4.0 **CONTRACT TERMS AND CONDITIONS:**

4.1 UNCONDITIONAL TERMINATION FOR CONVENIENCE:

Maricopa County may terminate the resultant Contract for convenience by providing sixty (60) calendar days advance notice to the Contractor.

4.2 TERMINATION BY THE COUNTY:

If the Contractor should be adjudged bankrupt or should make a general assignment for the benefit of its creditors, or if a receiver should be appointed on account of its insolvency, the County may terminate this Contract. If the Contractor should persistently or repeatedly refuse or should fail, except in cases for which extension of time is provided, to provide enough properly skilled workers or proper materials, or persistently disregard laws and ordinances, or not proceed with work or otherwise be guilty of a substantial violation of any provision of this Contract, then the County may terminate this Contract. Prior to termination of this Contract, the County shall give the Contractor fifteen (15) calendar days written notice. Upon receipt of such termination notice, the Contractor shall be allowed fifteen (15) calendar days to cure such deficiencies.

4.3 STATUTORY RIGHT OF CANCELLATION FOR CONFLICT OF INTEREST:

Notice is given that pursuant to A.R.S. § 38-511 the County may cancel this Contract without penalty or further obligation within three years after execution of the contract, if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the County is at any time while the Contract or any extension of the Contract is in effect, an employee or agent of any other party to the Contract in any capacity or consultant to any other party of the Contract with respect to the subject matter of the Contract. Additionally, pursuant to

A.R.S § 38-511 the County may recoup any fee or commission paid or due to any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the County from any other party to the contract arising as the result of the Contract.

4.4 OFFSET FOR DAMAGES;

In addition to all other remedies at Law or Equity, the County may offset from any money due to the Contractor any amounts Contractor owes to the County for damages resulting from breach or deficiencies in performance under this contract.

4.5 ADDITIONS OF SERVICE:

The County reserves the right to add services to this Contract. If additional services are required from this Contract, prices for such additions will be negotiated between the Contractor and the County.

4.6 SUBCONTRACTING:

The Contractor may not assign this Contract or Subcontract to another party for performance of the terms and conditions hereof without the written consent of the County. All correspondence authorizing subcontracting must reference the Bid Serial Number and identify the job project.

The Subcontractor's rate for the job shall not exceed that of the Prime Contractor's rate, as bid in the pricing section, unless the Prime Contractor is willing to absorb any higher rates. The Subcontractor's invoice shall be invoiced directly to the Prime Contractor, who in turn shall pass-through the costs to the County, without mark-up. A copy of the Subcontractor's invoice must accompany the Prime Contractor's invoice.

4.7 AMENDMENTS:

All amendments to this Contract must be in writing and signed by both parties.

4.8 RETENTION OF RECORDS:

The Contractor agrees to retain all financial books, records, and other documents relevant to this Contract for five (5) years after final payment or until after the resolution of any audit questions which could be more than five (5) years, whichever is longer. The Department, Federal or State auditors and any other persons duly authorized by the Department shall have full access to, and the right to examine, copy and make use of, any and all said materials.

4.9 ADEQUACY OF RECORDS:

If the Contractor's books, records and other documents relevant to this Contract are not sufficient to support and document that allowable services were provided, the Contractor shall reimburse Maricopa County for the services not so adequately supported and documented.

4.10 AUDIT DISALLOWANCES:

If at any time it is determined by the Department that a cost for which payment has been made is a disallowed cost, the Department shall notify the Contractor in writing of the disallowance and the required course of action, which shall be at the option of the Department either to adjust any future claim submitted by the Contractor by the amount of the disallowance or to require repayment of the disallowed amount by the Contractor forthwith issuing a check payable to Maricopa County.

4.11 VALIDITY:

The invalidity, in whole or in part, of any provision of the Contract shall not void or affect the validity of any other provision of this Contract.

4.12 RIGHTS IN DATA:

The County shall have the use of data and reports resulting from this Contract without additional cost or other restriction except as may be established by law or applicable regulation. Each party shall supply to the other party, upon request, any available information that is relevant to this Contract and to the performance hereunder.

4.13 APPROPRIATION CONTINGENCY:

The Broker recognizes that any agreement entered into shall commence upon the day first provided and continued in full force and effect until termination in accordance with its provisions. The Broker and the County herein recognize that the continuation of any contract after the close of any given fiscal year of the County which fiscal years end on June 30 of each year, shall be subject to the approval of the budget of the County providing for or covering such contract item as an expenditure therein. The County does not represent that said budget item will be actually adopted, said determination being the determination of the County Board of Supervisors at the time of the adoption of the budget.

4.14 ORGANIZATION – EMPLOYMENT DISCLAIMER:

The agreement is not intended to constitute, create, give rise to or otherwise recognize a joint venture agreement or relationship, partnership or formal business organization of any kind, and the rights and obligations of the parties shall be only those expressly set forth in the agreement.

The parties agree that no persons supplied by the Broker in the performance of obligations under the agreement are considered to be County employees, and that no rights of County civil service, retirement or personnel rules accrue to such persons. The Broker shall have total responsibility for all salaries, wages, bonuses, retirement withholdings, workmen's compensation, other employee benefits and all taxes and premiums appurtenant thereto concerning such persons, and shall save and hold the County harmless with respect thereto.

4.15 CHANGE ORDERS:

Maricopa County may institute changes or modifications to the specifications and will notify all participants by an addendum to this Request for Bids.

4.16 CONFORMATION WITH THE LAW:

This service shall be accomplished in conformity with the laws, ordinances, rules, regulations and zoning restrictions of the United States of America, the State of Arizona, County of Maricopa, and the Cities within Maricopa County.

4.17 SECURITY AND PRIVACY:

The Broker agrees that none of its officers or employees shall use or reveal any research or statistical information furnished by any person and identifiable to any specific private person for any purpose other than the purpose for which it was obtained. Copies of such information shall not, without the consent of the person furnishing such information, be admitted as evidence or used for any purpose in any action, suit, or other judicial or administrative proceedings, unless ordered by a court of competent jurisdiction. The County shall be notified immediately upon receipt of any such order of court, pertaining to production of such information.

The Broker shall incorporate the foregoing provisions of this paragraph in all of its authorized subcontracts.

4.18 FEE AGREEMENT: **See awardee “exceptions page #10”**

An annual fee will be paid to Broker per pricing bid section 1.0, Attachment A. Fee must be quoted net, for each year (1st, 2nd, and 3rd year.) If contract is extended two (2) additional years, the fee will remain the same as quoted in year three (3) for each succeeding year.

4.19 KEY PERSONNEL:

It is essential that the Broker provide an adequate staff of experienced personnel, capable of and devoted to the successful accomplishment of work to be performed under this contract. The Broker must assign specific individuals to the key positions. Removals or replacements of key personnel shall be communicated to the County via a written notification of such changes.

4.20 CLAIM ADMINISTRATORS:

County will choose and designate claim administrators. Insurers who mandate specific claims adjusters or administrator(s) will not be considered a viable marketer.

EXCEPTIONS TO THE SOLICITATION REQUIREMENT:

1. *Subcontracting* – Marsh does not contemplate subcontracting any services. As the incumbent broker since 1993, no services have been subcontracted during that time. If there was work subcontracted with permission of the County, it would fall under paragraph 4.5 “Additions of Service”. Depending upon the services, Marsh might incur costs that would be added to the subcontractor fee.
2. Marsh has provided services for Maricopa in the past that are not listed in the Broker Services section. These services are available and have been listed as options in the proposed fee.
3. Maricopa County has a wider range of coverage requirements than most public entities. The Marsh fee contemplates all current policy placement and service including Medical Malpractice and Medical Provider Stop Loss coverage.
4. Marsh cannot agree in advance to contract extensions with no fee increase after year 3.
5. It may not be possible to give the county viable insurer alternatives if only A+ insurers are allowed per paragraph 2.3.3.2. Due to adverse insurer losses as a result of the WTC events, and investment results, very few insurers have been able to maintain an A+ rating.
6. Attached is a standard Marsh Engagement letter. This agreement is considered as an addendum to the Country Contract or the terms incorporated therein.
7. Paragraph 3.34 requires all contractor insurance to be written on an occurrence basis. No insurance broker has occurrence based errors and omissions. Only claims made is available. **(Paragraph reference is misstated, proper paragraph reference is 3.3.4)**
8. Attached is a Marsh Client Service Agreement. It is requested that these terms be included in the county contract.
9. Section 3.3.2.1 requests a Waiver of Subrogation on professional errors and omissions. Professional liability insurance carriers typically will not honor such a request.

THE EXCEPTION MARCH USA, INC. HAS STATED TO THIS SOLICITATION AND SUBSEQUENT AWARD, ARE ACCEPTED BY MARICOPA COUNTY, AFTER REVIEW BY BOTH RISK MANAGEMENT AND THE COUNTY ATTORNEYS OFFICE. THIS DOCUMENT IS MADE AN INTEGRAL PART OF THIS CONTRACT AWARD.

MARSH USA INC., 3131 E. CAMELBACK ROAD #400, PHOENIX, AZ 85016

WILLING TO ACCEPT FUTURE SOLICITATIONS VIA EMAIL: ☒ YES ☐ NO

ACCEPT PROCUREMENT CARD: ☐ YES ☒ NO

REBATE (CASH OR CREDIT) FOR UTILIZING PROCUREMENT CARD: ☐ YES ☒ NO ☐ %
REBATE (Payment shall be made within 48 hrs utilizing the Purchasing Card)

INTERNET ORDERING CAPABILITY: ☐ YES ☒ NO ☐ % DISCOUNT

OTHER GOV'T. AGENCIES MAY USE THIS CONTRACT: ☐ YES ☒ NO

S064101/B0600794

1.0 PRICING:

<u>ITEM DESCRIPTION</u>	<u>Yearly Compensation</u>		
	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
1.1 INSURANCE BROKERS SERVICE as specified herein:	<u>\$ 115,000.00</u>	<u>\$ 130,000.00</u>	<u>\$ 145,000.00</u>

The above fee includes all services under Paragraph 2.3 Broker Services. Property Loss Control as described in Paragraph 2.3.3.7 is limited to 20 hours within this fee.

Optional Services:

- Environmental Assessment
- Environmental Insurance Products
- Equipment Maintenance Insurance
- Liability Claims Audit
- Workers' Compensation Claims Audit
- Owner Controlled Insurance Program Administration
- Owner Controlled Insurance Program Broking
- Actuarial Reports
- Return to Work Programs
- Integrated Disability Management
- Workplace Violence Programs
- Disaster Recovery Planning
- Claim Reserve Reviews
- Property Loss Control - \$150/Hour for Service Over 20 Hours or Negotiated Project Fee
- Casualty Loss Control - \$150/Hour or Negotiated Project Fee

Terms: 10 DAYS

Federal Tax ID Number: 36-1436000

Vendor Number: 361436000 A

Telephone Number: 602/337-6300

Fax Number: 602/337-6399

Contact Person: Steven E. Beck (X6230)

E-mail Address: steve.e.beck@marsh.com

Contract Period: To cover the period ending **April 30, 2005**.

Effective start date July 1, 2002.